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SUSTAINABLE DEVELOPMENT AND INTERNATIONAL ECONOMIC COOPERATION: COMMODITIES

Report of the Second Committee (Part IV)*

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I. INTRODUCTION

1. The Second Committee held a substantive debate on item 88 (see A/49/728, para. 2). Action to be taken on sub-item (c) was considered at the 29th and 35th meetings, on 23 November and 13 December 1994. An account of the Committee's consideration of the item is contained in the relevant summary records (A/C.2/49/SR.29 and 35).

II. CONSIDERATION OF DRAFT RESOLUTION A/C.2/49/L.29 AND Rev.1

2. At the 29th meeting, on 23 November, the representative of Algeria, on behalf of the States Members of the United Nations that are members of the Group of 77 and China, introduced a draft resolution entitled "Commodities" (A/C.2/49/L.29), which read:

"The General Assembly,

"Reaffirming its resolutions 45/200 of 21 December 1990, 47/185 of 22 December 1992 and 48/214 of 23 December 1993, and stressing the urgent need of their full implementation,

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* The report of the Committee on this agenda item will be issued in several parts under the symbol S/49/728 and addenda.

"Welcoming the importance attached in Agenda 21, adopted by the United Nations Conference on Environment and Development, 1/ to issues related to commodities in the context of sustainable development,

"Recalling the commitments on market access made in the Final Act of the Uruguay Round of multilateral trade negotiations and the importance attached therein to increased export opportunities for developing countries,

"Recognizing that in many developing countries, in particular African countries and least developed countries, the commodity sector remains the principal source of export revenues, employment, income and savings and an important field for investment and makes a significant contribution to the reactivation of growth and development,

"Recognizing also the need for a better functioning of commodity markets and for stable and more predictable commodity prices through, among other things, avoiding excessive price fluctuations and searching for long-term solutions to commodity problems,

"Concerned about the difficulties experienced by the developing countries in financing and implementing viable diversification programmes,

"Mindful of the need for developing countries, especially African countries and least developed countries, to diversify their primary commodities, with a view to modernizing their production, distribution and marketing systems, enhancing productivity and stabilizing and increasing their export earnings in the context of the decline of many primary commodity prices,

"1. Takes note with appreciation of the report of the Secretary-General of the United Nations Conference on Trade and Development on the commodity situation, developmental linkages between the commodity sector and other sectors, and actions required to develop such linkages in the context of diversification; 2/

"2. Expresses the urgent need for supportive international policies to improve the functioning of commodity markets through, inter alia, improving the efficiency and transparency of price fixation mechanisms, including commodity exchanges and the use of commodity price risk management instruments;

1/ Report of the United Nations Conference on Environment and Development, Rio de Janeiro, 3-14 June 1992 (A/CONF.151/26/Rev.1 (Vol. I and Vol. I/Corr.1, Vol. II, Vol. III and Vol. III/Corr.1)) (United Nations publication, Sales No. E.93.I.8 and corrigenda), vol. I: Resolutions Adopted by the Conference, resolution 1, annex II.

2/ A/49/226.

"3. Also expresses the need for stable and more predictable commodity prices for developing countries, in particular the commodity dependent developing countries;

"4. Stresses the importance of commodity diversification as a means of increasing the export revenues of developing countries and of improving their competitiveness in the face of the loss of trade preference of their primary product;

"5. Urges developed countries to support the commodity diversification efforts of developing countries, especially African countries, by providing resources to finance the preparatory phase of their commodity diversification programmes;

"6. Reiterates the importance of maximizing the contribution of the commodity sector to economic growth and development in commodity dependent developing countries, and in this respect stresses, inter alia, that:

"(a) An appropriate domestic environment and a favourable international environment are critical for successful diversification and the creation of developmental linkages between the commodity sector and other sectors of the economy, as well as for the availability of market outlets;

"(b) Trade-distorting policies and practices, including tariff and non-tariff barriers, tariff escalation and obstacles to competition influence negatively the ability of developing countries to diversify their exports and undertake the requisite restructuring of their commodity sector;

"(c) Expansion of South-South trade in commodities offers opportunities for intersectoral linkages within and among exporting countries;

"(d) There is a need to promote research and development, provide infrastructure and support services and encourage investment, including joint ventures in developing countries engaged in the commodity and commodity-processing sectors;

"7. Emphasizes the importance of developing countries processing a significant part of their commodities, and in this regard stresses the need for new market opportunities for their processed and semiprocessed commodities;

"8. Requests the Secretary-General of the United Nations Conference on Trade and Development, in close collaboration with the executive secretaries of the regional commissions and other organizations concerned, to intensify the examination of the impact of the results of the Uruguay Round of multilateral trade negotiations on individual commodities of particular interest to developing countries, taking into account the special and differential treatment agreed for developing countries, in particular African countries and least developed countries;

"9. Notes with appreciation the work being carried out by the Food and Agriculture Organization of the United Nations in assessing the impact of the Uruguay Round on agricultural commodity markets, and encourages that organization to pursue its work and inform the General Assembly of its findings;

"10. Urges producers and consumers of individual commodities to intensify their efforts aimed at reinforcing mutual cooperation and assistance;

"11. Welcomes the assignment to the United Nations Conference on Trade and Development of the United Nations global mandate for mineral resources, and urges that appropriate financial resources be made available to allow the Conference, in close collaboration with the regional commissions, to expand its technical assistance to developing countries in that area;

"12. Further welcomes the decision of the Standing Committee on Commodities of the Trade and Development Board, urging the secretariat of the United Nations Conference on Trade and Development to continue its work on commodity risk management, particularly in regard to developing countries;

"13. Stresses the importance of improving the competitiveness of natural products with environmental advantages and of the impact that could have on promoting sustainable consumption and production patterns, welcomes the related work being undertaken within the purview of the Standing Committee on Commodities and of the Codex Alimentarius on certification, and calls for financial and technical assistance for the developing countries for research and development with respect to such commodities;

"14. Notes that the number of requests for assistance from the Second Account of the Common Fund for Commodities is increasing, and expresses the need for further contributions to that Fund;

"15. Decides to include the question of commodities in the agenda of its fifty-first session."

3. At its 35th meeting, on 13 December, the Committee had before it a revised draft decision (A/C.2/49/L.29/Rev.1) submitted by the sponsors of draft resolution A/C.2/49/L.29.

4. At the same meeting, the representative of Cameroon orally revised the text by deleting, in the last preambular paragraph, the word "in" before the words "African countries".

5. At the same meeting, the Committee adopted revised draft resolution A/C.2/49/L.29/Rev.1, as orally revised, without a vote (see para. 7).

6. After the adoption of the draft resolution, statements were made by the representatives of the United States of America, Algeria (on behalf of States Members of the United Nations that are members of the Group of 77 and China) and Belarus (see A/C.2/49/SR.35).

III. RECOMMENDATION OF THE SECOND COMMITTEE

7. The Second Committee recommends to the General Assembly the adoption of the following draft resolution:

Commodities

The General Assembly,

Reaffirming its resolutions 45/200 of 21 December 1990, 47/185 of 22 December 1992 and 48/214 of 23 December 1993, and stressing the urgent need of their full implementation,

Welcoming the importance attached in Agenda 21, adopted by the United Nations Conference on Environment and Development, 3/ to issues related to commodities in the context of sustainable development,

Recalling the commitments on market access made in the Final Act of the Uruguay Round of multilateral trade negotiations and the importance attached therein to increased export opportunities for developing countries,

Recognizing that in many developing countries, in particular African countries and least developed countries, the commodity sector remains the principal source of export revenues, employment, income and savings and an important field for investment and a significant contributor to the reactivation of growth and development,

Noting the recent increase of some commodity prices, recognizing that this may not constitute a long-term trend and recognizing also the need for a better functioning of commodity markets and the necessity of stable and more predictable commodity prices, including avoiding excessive price fluctuations and searching for long-term solutions to commodity problems,

Concerned about the difficulties experienced by the developing countries in financing and implementing viable diversification programmes,

Mindful of the need for developing countries, especially African countries and least developed countries, to diversify their economies and in particular the commodity sector, with a view to modernizing their production, distribution and marketing systems, enhancing productivity and stabilizing and increasing their export earnings in the context of the general decline of primary commodity prices,

1. Takes note with interest of the report of the Secretary-General of the United Nations Conference on Trade and Development on the commodity situation,

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3/ Report of the United Nations Conference on Environment and Development, Rio de Janeiro, 3-14 June 1992 (United Nations publication, Sales No. E.93.I.8 and corrigenda), vol. I, Resolutions Adopted by the Conference, resolution 1, annex II.

developmental linkages between the commodity sector and other sectors and actions required to develop such linkages in the context of diversification; 4/

2. Emphasizes the need for developing countries that are heavily dependent on primary commodities to continue to promote a domestic policy and an institutional environment that encourage diversification and enhance competitiveness;

3. Expresses the urgent need for supportive international policies to improve the functioning of commodity markets through efficient and transparent price formation mechanisms, including commodity exchanges, and through the use of commodity price risk management instruments;

4. Notes the need expressed by developing countries, in particular the commodity-dependent developing countries, for stable and more predictable commodity prices;

5. Stresses the importance of commodity diversification as a means to increase export revenues of developing countries and to improve their competitiveness in the face of the persistent instability in the prices of some primary commodities and the general deterioration in the terms of trade;

6. Urges developed countries to continue to support the commodity diversification efforts of developing countries, especially African countries, inter alia, by providing technical and financial assistance for the preparatory phase of their commodity diversification programmes;

7. Reiterates the importance of maximizing the contribution of the commodity sector to economic growth and sustainable development in commodity-dependent developing countries, and in this respect stresses, inter alia, that:

(a) An appropriate domestic and favourable international environment is critical for successful diversification and the creation of developmental linkages between the commodity sector and other sectors of the economy, as well as for the availability of market outlets;

(b) Trade-distorting policies and practices, including tariff and non-tariff barriers, tariff escalation and obstacles to competition have a negative effect on the ability of developing countries to diversify their exports and to undertake the requisite restructuring of their commodity sector;

(c) Expansion of South-South trade in commodities offers opportunities for intersectoral linkages within and among exporting countries;

(d) There is a need to promote research and development, to provide infrastructure and support services and to encourage investment, including joint ventures in developing countries engaged in the commodity and commodity-processing sectors;

4/ A/49/226.

8. Emphasizes the importance for developing countries to process a significant part of their commodities, and in this regard stresses the need for new market opportunities for their processed and semi-processed commodities;

9. Expresses the need for the full implementation of the Uruguay Round agreement, taking into account the special and differential treatment agreed for developing countries, including the provisions envisaged for African countries and the least developed countries;

10. Welcomes the work being done by the United Nations Conference on Trade and Development on the impact of the results of the Uruguay Round on individual commodities of particular interest to developing countries and invites the Secretary-General of the United Nations Conference on Trade and Development to intensify this exercise in close collaboration with the executive secretaries of the regional commissions and other concerned organizations;

11. Notes with appreciation the work under way by the Food and Agriculture Organization of the United Nations in assessing the impact of the Uruguay Round on agricultural commodity markets, and encourages the Organization to pursue its work and to inform the General Assembly of its findings;

12. Urges producers and consumers of individual commodities to intensify their efforts aimed at reinforcing mutual cooperation and assistance;

13. Welcomes the assignment to the United Nations Conference on Trade and Development of the United Nations global mandate for mineral resources, and urges that efforts be made to mobilize financial resources to allow the Conference, in close collaboration with the regional commissions, to expand its technical assistance to developing countries in that area;

14. Also welcomes the decision of the Standing Committee on Commodities of the Trade and Development Board, urging the secretariat of the United Nations Conference on Trade and Development to continue its work on commodity risk management, particularly in relation to developing countries;

15. Stresses the importance of improving the competitiveness of natural products with environmental advantages and the impact that this could have on promoting sustainable consumption and production patterns, and calls for financial and technical assistance to the developing countries for research and development of such products;

16. Notes the increased number of requests for assistance that the Second Account of the Common Fund for Commodities is receiving, expresses the need for efficient allocation of the existing resources, and also notes the expectations expressed by member countries of the Fund that further voluntary contributions will be forthcoming;

17. Decides to include the question of commodities in the agenda of its fifty-first session.